CHOW SANG SANG HOLDINGS INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 116

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the "Board") of Chow Sang Sang Holdings International Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

FINANCIAL HIGHLIGHTS

	2009 HK$'000	2008 HK$'000 (Restated)	Change
Turnover			
Jewellery retail	**5,922,590**	5,358,053	+11%
Other businesses	**3,540,846**	4,522,376	-22%
	9,463,436	9,880,429	-4%
Profit attributable to shareholders of the Company	**574,090**	469,715	+22%
Basic earnings per share	**95.4 cents**	78.0 cents	+22%
Dividend per share			
- Final	**26.0 cents**	23.0 cents	+13%
- Full Year	**33.0 cents**	31.0 cents	+6%
Dividend payout ratio	**35%**	40%	
Equity attributable to shareholders of the Company	**3,928,790**	3,205,768	+23%
Equity per share	**$6.5**	$5.3	+23%

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000 (Restated)
TURNOVER	3		
Jewellery retail		**5,922,590**	5,358,053
Other businesses		**3,540,846**	4,522,376
		9,463,436	9,880,429
Cost of sales		**(7,576,468)**	(8,319,364)
Gross profit		**1,886,968**	1,561,065
Other income		**80,973**	82,741
Selling and distribution costs		**(946,883)**	(819,449)
Administrative expenses		**(237,497)**	(218,947)
Other gains, net		**6,374**	11,660
Finance costs		**(19,924)**	(22,905)
Share of profits and losses of associates		**1,222**	(420)
PROFIT BEFORE TAX	5	**771,233**	593,745
Income tax	6	**(182,834)**	(112,036)
PROFIT FOR THE YEAR		**588,399**	481,709
Attributable to:			
Shareholders of the Company		**574,090**	469,715
Minority interests		**14,309**	11,994
		588,399	481,709
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic		**95.4 cents**	78.0 cents

Details of dividends payable and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
PROFIT FOR THE YEAR	**588,399**	481,709
OTHER COMPREHENSIVE INCOME/(LOSSES)		
Changes in fair value of available-for-sale investments	**327,872**	(731,514)
Leasehold land and buildings:		
Revaluation upon transfer to investment properties	**15,969**	-
Deferred tax liabilities on revaluation	**(2,130)**	-
Deferred tax arising from change in statutory tax rate	**-**	2,833
Release upon disposal of a property	**(3,059)**	(9,376)
	10,780	(6,543)
Leasehold land and buildings revaluation reserve transferred to retained profits upon disposal of a property	**3,059**	9,376
Exchange differences on translation	**(14,508)**	37,596
Other comprehensive income/(losses) for the year, net of tax	**327,203**	(691,085)
TOTAL COMPREHENSIVE INCOME/(LOSSES) FOR THE YEAR	**915,602**	(209,376)
Total comprehensive income/(losses) attributable to:		
Shareholders of the Company	**903,598**	(223,848)
Minority interests	**12,004**	14,472
	915,602	(209,376)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	**2009**	2008
		HK$'000	HK$'000
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**427,888**	389,938
Investment properties		**150,840**	117,597
Intangible assets		**271**	271
Other assets		**77,605**	74,890
Interests in associates		**11,611**	10,900
Available-for-sale investments		**705,255**	378,084
Deposits paid for purchase of items of property, plant and equipment		**-**	53,824
Deferred tax assets		**4,225**	1,323
Total non-current assets		**1,377,695**	1,026,827
CURRENT ASSETS			
Inventories		**2,884,841**	2,528,754
Accounts receivable	9	**326,272**	212,352
Receivables arising from securities and futures broking	9	**201,152**	134,848
Prepayments, deposits and other receivables		**84,982**	73,858
Investments at fair value through profit or loss		**8,010**	5,820
Derivative financial instruments		**180**	2,759
Tax recoverable		**639**	9,109
Cash held on behalf of clients		**388,012**	325,399
Cash and cash equivalents		**378,999**	145,117
Total current assets		**4,273,087**	3,438,016
CURRENT LIABILITIES			
Accounts payable	10	**132,231**	70,023
Payables arising from securities and futures broking	10	**474,205**	381,942
Other payables and accruals		**284,430**	226,825
Derivative financial instruments		**14,096**	2,769
Short term interest-bearing bank borrowings		**348,644**	389,099
Current portion of long term interest-bearing bank borrowings		**84,666**	-
Tax payable		**80,238**	78,641
Total current liabilities		**1,418,510**	1,149,299
NET CURRENT ASSETS		**2,854,577**	2,288,717
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,232,272**	3,315,544
NON-CURRENT LIABILITIES			
Long term interest-bearing bank borrowings		**164,733**	-
Deferred tax liabilities		**90,827**	57,473
Total non-current liabilities		**255,560**	57,473
Net assets		**3,976,712**	3,258,071

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	2009	2008
	HK$'000	HK$'000
		(Restated)
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**150,480**	150,480
Reserves	**3,621,811**	2,916,846
Proposed final dividend	**156,499**	138,442
	3,928,790	3,205,768
Minority interests	**47,922**	52,303
Total equity	**3,976,712**	3,258,071

NOTES:

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings, derivative financial instruments and certain equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments - Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue - Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement - Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to Sell the Controlling Interest in a Subsidiary,* which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 8, HKAS 1 (Revised) and HK(IFRIC)-Int 13, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2.1 Changes in accounting policies and disclosures (continued)

(a) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

(b) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense recognized directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(c) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

The Group maintains a loyalty points programme in Mainland China which allows customers to accumulate points when they purchase products in the shops located in Mainland China. The points accumulated can then be redeemed for certain products free-of-charge, subject to a minimum number of points being accumulated. HK(IFRIC)-Int 13 has been applied by the Group retrospectively and comparative amounts have been restated. The effect of the above change is summarized below:

2.1 Changes in accounting policies and disclosures (continued)

(c) HK(IFRIC)-Int 13 *Customer Loyalty Programmes* (continued)

	2009 HK$'000	2008 HK$'000
Consolidated income statement for the year ended 31 December		
Decrease in turnover	**1,165**	1,076
Decrease in basic earnings per share (HK cents)	**0.2**	0.2
Consolidated statement of financial position and equity at 1 January		
Increase in other payables and accruals	**1,076**	-
Decrease in reserves (retained profits)	**1,076**	-
Consolidated statement of financial position and equity at 31 December		
Increase in other payables and accruals	**2,241**	1,076
Decrease in reserves (retained profits)	**2,241**	1,076

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [3]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [4]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues* [6]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [3]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 February 2010

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax; commission on securities, futures and commodities broking and rental income earned during the year.

Revenue from the following activities has been included in turnover:

	Group	
	2009	2008
	HK$'000	HK$'000
		(Restated)
Sale of goods	**9,367,235**	9,797,851
Commission on securities, futures and commodities broking	**86,395**	72,798
Gross rental income	**9,806**	9,780
	9,463,436	9,880,429

4. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

(a) the manufacture and retail of jewellery segment produces jewellery products for the Group's retail business and operates retail stores mainly in Hong Kong, Macau and Mainland China;

(b) the wholesale of precious metals segment trades precious metals to wholesale customers;

(c) the securities and futures broking segment provides brokering and dealing services for securities and futures; and

(d) the other businesses segment comprises, principally, the investment in properties for their rental income and capital appreciation potential and other jewellery related businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain dividend income and share of profit and losses of associates are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manufacture and retail of jewellery HK$'000	**Wholesale of precious metals HK$'000**	**Securities and futures broking HK$'000**	**Other businesses HK$'000**	**Total HK$'000**
Year ended 31 December 2009					
Segment revenue:					
Sales to external customers	**5,922,590**	**3,409,828**	**84,920**	**46,098**	**9,463,436**
Intersegment sales	**31,671**	**417,683**	**-**	**3,087**	**452,441**
	5,954,261	**3,827,511**	**84,920**	**49,185**	**9,915,877**
Reconciliation:					
Elimination of intersegment sales					**(452,441)**
					9,463,436
Segment results	**662,344**	**28,411**	**53,705**	**7,107**	**751,567**
Reconciliation:					
Dividend income					**18,444**
Share of profits of associates					**1,222**
Profit before tax					**771,233**

4. **Operating segment information (continued)**

	Manufacture and retail of jewellery HK$'000	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Total HK$'000
Year ended 31 December 2009					
Other segment information:					
Interest income	**(711)**	**(152)**	**(13,105)**	**(6)**	**(13,974)**
Dividend income	**-**	**-**	**(259)**	**-**	**(259)**
Net fair value gain on investment properties	**-**	**-**	**-**	**(12,361)**	**(12,361)**
Net fair value gain on investments at fair value through profit or loss	**-**	**-**	**(2,190)**	**-**	**(2,190)**
Reversal of impairment of receivables arising from securities and futures broking, net	**-**	**-**	**(3,584)**	**-**	**(3,584)**
Depreciation	**80,097**	**9**	**2,091**	**245**	**82,442**
Write-down of inventories to net realizable value	**6,163**	**74**	**-**	**-**	**6,237**
Net fair value loss on derivative financial instruments	**13,601**	**249**	**-**	**-**	**13,850**
Net loss on disposal of derivative financial instruments	**27,013**	**1,065**	**-**	**-**	**28,078**
Net loss on disposal of items of property, plant and equipment	**5,159**	**-**	**-**	**-**	**5,159**
Loss on disposal of an investment property	**-**	**-**	**-**	**44**	**44**
Finance costs	**17,445**	**3**	**2,456**	**20**	**19,924**
Capital expenditure	**134,714**	**-**	**706**	**-**	**135,420**

4. Operating segment information (continued)

	Manufacture and retail of jewellery HK$'000 (Restated)	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Total HK$'000 (Restated)
Year ended 31 December 2008					
Segment revenue:					
Sales to external customers	5,358,053	4,356,706	70,401	95,269	9,880,429
Intersegment sales	426,660	477,028	-	2,564	906,252
	5,784,713	4,833,734	70,401	97,833	10,786,681
Reconciliation:					
Elimination of intersegment sales					(906,252)
					9,880,429
Segment results	523,800	13,917	30,963	(4,224)	564,456
Reconciliation:					
Dividend income					29,709
Share of losses of associates					(420)
Profit before tax					593,745

4. **Operating segment information (continued)**

	Manufacture and retail of jewellery HK$'000	Wholesale of precious metals HK$'000	Securities and futures broking HK$'000	Other businesses HK$'000	Total HK$'000
Year ended 31 December 2008					
Other segment information:					
Interest income	(1,196)	(523)	(13,648)	(586)	(15,953)
Dividend income	-	-	(263)	-	(263)
Net fair value gain on derivative financial instruments	(2,164)	(469)	-	-	(2,633)
Net (gain)/loss on disposal of items of property, plant and equipment	(23,959)	-	4	-	(23,955)
Impairment of receivables arising from securities and futures broking, net	-	-	3,569	-	3,569
Depreciation	64,047	111	1,464	245	65,867
Write-down of inventories to net realizable value	18,816	38	-	-	18,854
Net loss on disposal of derivative financial instruments	2,433	6,246	-	-	8,679
Net fair value loss on investment at fair value through profit or loss	-	-	7,476	-	7,476
Net fair value loss on investment properties	-	-	-	6,019	6,019
Finance costs	21,633	9	1,097	166	22,905
Capital expenditure	100,053	-	4,135	-	104,188

(a) Geographical information

Revenue from external customers

	2009 HK$'000	2008 HK$'000 (Restated)
Hong Kong and Macau	**7,501,872**	8,298,243
Mainland China	**1,875,560**	1,504,120
Elsewhere	**86,004**	78,066
	9,463,436	9,880,429

The revenue information above is based on the location of the customers.

4. **Operating segment information (continued)**

(a) **Geographical information (continued)**

Non-current assets

	2009 HK$'000	2008 HK$'000
Hong Kong and Macau	**500,090**	495,994
Mainland China	**165,766**	147,467
Elsewhere	**2,359**	3,959
	668,215	647,420

The non-current asset information above is based on the location of assets and excludes available-for-sale investments and deferred tax assets.

(b) **Information about major customers**

The turnover from the Group's largest customer amounted to less than 10 percent of the Group's total turnover for the current and prior year.

5. **Profit before tax**

The Group's profit before tax is arrived at after charging/(crediting):

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**7,576,468**	8,319,364
Write-down of inventories to net realizable value*	**6,237**	18,854
Depreciation	**82,442**	65,867
Minimum lease payments under operating leases for leasehold land and buildings	**290,002**	220,012
Reversal of impairment of accounts receivable	**-**	(22)
Net loss/(gain) on disposal of items of property, plant and equipment**	**5,159**	(23,955)
Loss on disposal of an investment property	**44**	-
Net loss on disposal of derivative financial instruments^	**28,078**	8,679
Net fair value loss/(gain) on derivative financial instruments - transactions not qualifying as hedges#	**13,850**	(2,633)
Interest income	**(13,974)**	(15,953)
Dividend income from listed investments	**(18,290)**	(29,439)
Dividend income from unlisted investments	**(413)**	(533)
Impairment/(reversal of impairment) of receivables arising from securities and futures broking, net	**(3,584)**	3,569
Loss/(gain) on disposal of investments at fair value through profit or loss	**(27)**	45
Net fair value loss/(gain) on investment properties#	**(12,361)**	6,019
Net fair value loss/(gain) on investments at fair value through profit or loss#	**(2,190)**	7,476

* *This balance is included in "Cost of sales" on the face of the consolidated income statement.*

** *In the prior year, the net loss/(gain) on disposal of items of property, plant and equipment included a gain on disposal of a leasehold land and building of HK$26,248,000, which is included in "Other gains, net" on the face of the consolidated income statement.*

^ *The net loss on disposal of derivative financial instruments included a net loss on bullion contracts of HK$30,164,000 (2008: HK$12,511,000), which is included in "Cost of sales" on the face of the consolidated income statement.*

\# *These balances are included in "Other gains, net" on the face of the consolidated income statement.*

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Group	
	2009	2008
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the year	**68,107**	64,301
Overprovision in prior years	**(627)**	(79)
Current - Elsewhere	**87,065**	43,505
Deferred	**28,289**	4,309
Total tax charge for the year	**182,834**	112,036

7. Dividends

	2009	2008
	HK$'000	HK$'000
Interim - HK7.0 cents (2008: HK8.0 cents) per ordinary share	**42,134**	48,154
Proposed final - HK26.0 cents (2008: HK23.0 cents) per ordinary share	**156,499**	138,442
	198,633	186,596

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. Earnings per share attributable to shareholders of the Company

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of the Company of HK$574,090,000 (2008: HK$469,715,000 (Restated)), and the weighted average number of ordinary shares of 601,920,000 (2008: 601,920,000) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. Accounts receivable/Receivables arising from securities and futures broking

Jewellery retail

The Group's sales are normally made on a cash basis. Credit card receivables from financial institutions in respect of retail sales are aged within one month. There are wholesale customers who have been given credit periods within 45 days.

Wholesale of diamonds

The Group normally grants credit periods of up to 60 days to its trade customers.

Wholesale of precious metals

The Group's wholesale of precious metals is normally conducted on a cash basis.

Securities and commodities broking

Securities deals are settled two days after the trade date, and commodities deals are normally settled on a cash basis.

	Group	
	2009	2008
	HK$'000	HK$'000
Accounts receivable	**326,272**	212,352
Receivables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**120,291**	93,432
Clearing houses	**3,704**	5,632
Loans to margin clients	**77,250**	39,461
	201,245	138,525
Impairment	**(93)**	(3,677)
Receivables arising from securities and futures broking	**201,152**	134,848
Total accounts receivable and receivables arising from securities and futures broking	**527,424**	347,200

Apart from the receivable balances arising from securities and futures broking, the remaining balances are non-interest-bearing.

9. Accounts receivable/Receivables arising from securities and futures broking (continued)

An ageing analysis of the accounts receivable and receivables arising from securities and futures broking not impaired at the end of the reporting period, based on the due date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Not yet due	**347,955**	239,081
Within 30 days past due	**92,495**	64,176
31 to 60 days past due	**6,309**	2,042
61 to 90 days past due	**486**	92
Over 90 days past due	**2,929**	2,349
	450,174	307,740
Loans to margin clients*	**77,250**	39,460
	527,424	347,200

* *The loans to margin clients are secured by the underlying pledged securities, repayable on demand and bear interest at commercial rates. No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis is not relevant in view of the nature of the business of securities margin financing. As at 31 December 2009, the total market value of securities pledged as collateral in respect of the loans to margin clients was HK$427,652,000 (2008: HK$140,576,000).*

10. Accounts payable/Payables arising from securities and futures broking

	Group	
	2009	2008
	HK$'000	HK$'000
Accounts payable	**132,231**	70,023
Payables arising from securities and futures broking conducted in the ordinary course of business:		
Cash clients	**424,245**	332,978
Margin clients	**33,296**	48,964
Clearing houses	**16,664**	-
Payables arising from securities and futures broking	**474,205**	381,942
Total accounts payable and payables arising from securities and futures broking	**606,436**	451,965

10. Accounts payable/Payables arising from securities and futures broking (continued)

An ageing analysis of the accounts payable and payables arising from securities and futures broking as at the end of the reporting period, based on the due date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within 30 days (including amounts not yet due)	**147,810**	69,271
31 to 60 days	**770**	694
Over 60 days	**315**	58
	148,895	70,023
Cash clients accounts payable[#]	**424,245**	332,978
Margin clients accounts payable[*]	**33,296**	48,964
	606,436	451,965

[#] *Included in the cash clients accounts payable arising from dealing in securities conducted in the ordinary course of business is an amount of approximately HK$333,796,000 (2008: HK$262,410,000) representing those clients' undrawn monies/excess deposits placed with the Group. As at 31 December 2009, the cash clients accounts payable included an amount of HK$6,495,000 (2008: HK$4,048,000) in respect of securities transactions undertaken for the accounts of certain Directors. The cash clients accounts payable are repayable on demand and bear interest at commercial rates. No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the nature of the business of dealing in securities.*

[*] *The margin clients accounts payable are repayable on demand and bear interest at commercial rates. No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis is not relevant in view of the nature of the business of securities margin financing.*

11. Comparative amounts

As further explained in note 2.1 above, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

There has been no substantive change in the scope and model of the Group's business in 2009. The main business is jewellery retail in Hong Kong and Macau, Mainland China and Taiwan. In Hong Kong there is a securities and futures brokerage, as well as an operation in the wholesale of precious metals and related products.

The retail sector in Hong Kong bounced back to life in the second half after a worrying second quarter, during which concern over human swine flu throttled the flow of visitors to a trickle.

When fear of the flu finally subsided, Mainlanders were given more impetus to visit Hong Kong as applications to travel were made simpler and easier and they arrived in droves.

These customers were unfazed by the gold price, which made a sharp rise to above US$1,200 per ounce and then stayed at around US$1,100 per ounce. Indeed, business from Mainlanders accounted for over 50% of the turnover at some of the Group's shops, and from the third quarter on drove the turnover up until a new record was reached in the month of December.

Thanks to the recovery in the second half, the Group was able to achieve total turnover of HK$9,463 million. The drop of 4% from 2008 was due to a reduction in the wholesale of gold; but the concomitant loss in profit was offset by other wholesale trading. Total profits attributable to shareholders rose by 22% to HK$574 million.

Jewellery Retail

Total turnover rose by 11% to HK$5,923 million with the Mainland operation registering the highest percentage increase. The Mainland operation was responsible for 32% of the total turnover, up from 28% of the previous year. In terms of operating profit it contributed 47% of the total, as compared with 26% in 2008.

Hong Kong and Macau
In 2009, turnover rose by 5% to HK$3,962 million, thanks mostly to a very strong December. For 2009, Mainlanders contributed 37% of turnover, an increase of 6% over 2008.

At year end, there were 36 Chow Sang Sang shops, one less than the previous year, whereas Emphasis Jewellery had 14, three of which were new additions in Hong Kong.

Despite hikes in the gold price, sales of gold jewellery were well supported by purchases by Mainland visitors and by demand for bridal gifts. Although both turnover and gross profits went up, those were offset by increases in expenditure. Rental expenses went up substantially, with the opening of the Central shop and the renewal of the lease for the Canton Road shop being the major contributors. The fitting out works for the megastores also drove up depreciation expenses by notable amounts.

Emphasis Jewellery opened three new shops, at Harbour City, Pacific Place and International Finance Centre respectively. These are important additions to the network that ensures better alignment to prospective customer segments.

The brands Chow Sang Sang, Emphasis Jewellery, and individuals from both chains, won numerous awards and recognitions during the year. Details of these are recorded on the website at http://www.chowsangsang.com/group/eng/index.htm.

Mainland China
Turnover increased by 25% to HK$1,875 million in 2009.

As testimony to the increasing sophistication and spending power of the consumers, the contribution to turnover from the sales of gem-set jewellery rose by 13% and the sales of items costing HK$50,000 and more rose by 75%.

In the Mainland itself, 29 new shops were opened during the year. The list of cities with shops expanded to include Baotou (Inner Mongolia), Tangshan (Hebei), Changshu (Jiangsu), Taizhou (Jiangsu) and Zhuzhou (Hunan). The total number of shops stood at 143 at the end of the year. In September a flagship-class store was opened in Shanghai's Nanjing Road East. Same-store growth in turnover was 14%.

The full-floor premise acquired in Guangzhou was officially recognized as headquarters for the Mainland operation, qualifying the Group for benefits and tax concessions made available by the municipal government.

In Xian, a smaller unit was bought and fitted out as the office for the operation responsible for the western provinces.

Taiwan
Turnover of Emphasis Jewellery rose by 10% to HK$86 million. The improvement could be attributed to a sharper focus on merchandising and more cohesive teamwork.

The number of shops remained at 21 at the end of the year.

Wholesale of Precious Metals

Physical trading in gold and platinum is a low margin, high volume business. Turnover experienced substantial swings as gold and platinum prices went through relatively large movements during the year.

The volume of trading in gold dropped significantly, driving down turnover by 22% to HK$3,410 million. But by successfully engaging in the handling of the metals rhodium, palladium and iridium, operating profits rose by 104% to HK$28 million.

Securities and Futures Broking

Retail investors followed the flow of liquid capital into the stock market and drove the Hang Seng Index to end the year at 7,000 points above where it was a year ago. While there was a 14% drop in the average daily turnover in the market, the Group recorded a rise of 23% over 2008. Commission income from securities broking increased by 23% as well, although commission rate remained in a downward trend. Participation in 62 IPOs added to the income. Interest income from client loans fell, however, as loan volume diminished.

On the brick and mortar side, the Yuen Long Branch was renovated in order to provide better service and promote the corporate image. On the internet platform, margin and mobile trading were made available for clients' convenience. Two more branches will be renovated in 2010 but the capital expenditure will be small.

This segment registered for the year an increase in turnover of 25% to HK$40.7 billion, and a 73% increase in operating profits to HK$54 million.

Investments

Properties
The Group holds various properties for the main purpose of accommodation for offices, shops and factories. Rental income from investment properties amounted to HK$10 million, less than 1% of the Group's turnover.

A small property consisting of factory space was disposed of in the year.

Shares in Hong Kong Exchanges and Clearing Limited ("HKEC")
The shares of HKEC resulting from the reorganization of the exchanges in 2000 have been held since the distribution, with no plans for their disposal. As at 1 January 2009 and 1 January 2010, the Group held 4,953,500 shares and the unrealized gain on the holding was HK$690 million as compared to HK$364 million in 2008.

Finance

Financial Position and Liquidity
The Group centralizes funding for its operations through the corporate treasury based in Hong Kong. The treasury at the same time manages the Group's gold and foreign exchange holdings. Centralization affords better control and lower costs. As at 31 December 2009, the Group had cash and cash equivalents of HK$379 million, and total undrawn bank loans and other credit facilities of HK$1,566 million.

The Group's jewellery retail segment generates strong recurrent cashflow.

As far as possible banking facilities are obtained on an unsecured basis. Total borrowings as at 31 December 2009 stood at HK$598 million. With the Group's total shareholders' equity of HK$3,929 million, the gearing ratio is 15%. The current ratio as at 31 December 2009 was 3.

Cash is mostly held in Hong Kong dollar or Renminbi and deposited with leading banks.

The Group manages risks of credit cost and availability by several means: cultivating relationship with a large number of lending banks; putting some loans on a term basis; and fixing interest costs by executing rate swaps on loans as appropriate.

Foreign Exchange Risk Management
The Group's foreign exchange exposure relates to the currencies in which it carries on its business: Renminbi, New Taiwan dollar, US dollar, Euro and Japanese Yen. As such, the risk is easily manageable and slight. As at 31 December 2009, total foreign currency borrowings excluding Renminbi amounted to HK$7 million (2008: HK$16 million). For the operation in Mainland China, Renminbi borrowings at year end stood at RMB301 million (2008: RMB256 million).

The Group's assets and liabilities, revenues and expenses are mostly denominated in Hong Kong dollar, Renminbi and US dollar.

Charge on Assets
As at 31 December 2009, certain items of properties of the Group with a net carrying value of HK$141 million (2008: HK$135 million), and listed equity investments of HK$204 million (2008: HK$74 million) were pledged to secure banking facilities granted to certain subsidiaries of the Company.

Human Resources

The total number of employees of the Group was 4,129 as at 31 December 2009. Of these 2,732 (66%) are in the Mainland.

The Group has performance-based remuneration policies, training infrastructure and other human resources policies which have remained unchanged from prior years.

Outlook

The strong spending in Hong Kong by Mainland visitors carried over from December all the way through the Lunar New Year holidays. Likewise in the Mainland, business was brisk throughout the holiday period.

Diamond jewellery was in demand as were gift items in pure gold. The Group has readjusted its inventory levels in order to meet this heightened demand.

More collaboration with the watch brands Rolex and Tudor is being sought. Indeed in January 2010 two boutiques featuring the two brands have been opened in Chengdu and Hong Kong.

It appears that as far as consumer spending is concerned, the credit crunch and the flu epidemic are already things of the past. However, banks worldwide are not all back in health; and in Mainland China credit may yet be subject to tighter control as effort to cool off parts of the economy mounts.

Obviously there is great potential for growth in the Mainland. However, to exploit it, the Group must stay ahead of its competition which is heating up extremely rapidly. As of writing, the Group has 157 shops in the Mainland, spreading across some 62 cities. Already, there are more than 19 shops in the pipeline, and the target is to set up 50 new shops by the end of 2010. Maintaining and refining service quality, innovation and creativity in product development and marketing are imperative.

DIVIDENDS

The Directors have recommended the payment of a final dividend of HK26.0 cents (2008: HK23.0 cents) per ordinary share to shareholders whose names appear on the register of members of the Company on 10 June 2010. The final dividend will be paid on 22 June 2010 following approval thereof at the forthcoming annual general meeting to be held on 10 June 2010. Together with the interim dividend of HK7.0 cents (2008: HK8.0 cents) per ordinary share paid by the Company, the total dividend per ordinary share for the year will be HK33.0 cents (2008: HK31.0 cents).

CLOSURE OF REGISTER

The register of members of the Company will be closed from Monday, 7 June 2010 to Thursday, 10 June 2010, both days inclusive, during such period no transfer of shares will be registered. In order to qualify for the proposed final dividend and be entitled to attend and vote at the annual general meeting to be held on Thursday, 10 June 2010, shareholders are reminded to lodge their transfer documents accompanied by the relevant share certificates with the Company's branch share registrar, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 4 June 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2009.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2009, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors. The financial information set out in the annual results announcement represents an extract from these consolidated financial statements which has been reviewed by the Company's auditors, Ernst & Young.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the Company's code of conduct regarding Directors' securities transactions. Upon specific enquiries, all Directors confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2009.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is published on the websites of the Company at www.chowsangsang.com and HKEC at www.hkexnews.hk. The 2009 annual report of the Company will be available on both websites and despatched to shareholders on or about 23 April 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 4/F Chow Sang Sang Building, 229 Nathan Road, Kowloon, Hong Kong on Thursday, 10 June 2010 at 10:30 a.m. Notice of the annual general meeting will be published and issued in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Dr. CHOW Kwen Lim, Mr. Vincent CHOW Wing Shing, Dr. Gerald CHOW King Sing and Mr. Winston CHOW Wun Sing; the Non-executive Directors are Mr. CHOW Kwen Ling, Mr. Stephen TING Leung Huel and Mr. CHUNG Pui Lam; and the Independent Non-executive Directors are Dr. CHAN Bing Fun, Mr. LEE Ka Lun and Mr. LO King Man.

By order of the Board
CHOW Kwen Lim
Chairman

Hong Kong, 30 March 2010